

Message Text

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AMEMBASSY JAKARTA
AMEMBASSY CANBERRA
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C O N F I D E N T I A L STATE 247465

E.O. 12065: RDS-1 9/19/89 (RICH, ROBERT G., JR.)

TAGS: PEPR, KN, US, JA, UR, CH

SUBJECT: NORTH KOREA: JAPANESE VIEWS

1. (U) IN 17 SEPTEMBER MEETING WITH DEPARTMENT'S KOREA
DIRECTOR, JAPANESE MFA KOREA DIRECTOR MATANO PROVIDED
FOLLOWING JAPANESE VIEWS ON NORTH KOREA.
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2. (C) JAPANESE ANALYSTS, NOTING THAT KOREAN WORKERS'
PARTY (KWP) HAS HELD THREE UNPUBLICIZED, EXCEPTIONAL JOINT
MEETINGS OF THE CENTRAL AND POLITICAL COMMITTEES IN THE
PAST TWO YEARS, BELIEVE THAT NORTH KOREA MIGHT BE IN THE
PROCESS OF CHANGING ITS ATTITUDES TOWARD THE WEST. THREE
RECENT "ASIAN" EVENTS -- THE SINO-JAPANESE PFT, THE SINO-

AMERICAN NORMALIZATION, AND THE SINO-VIETNAMESE WAR -- PROMPTED NORTH KOREA TO FOCUS ATTENTION KEENLY ON INTERNATIONAL RELATIONS. CHINA'S ATTACK ON VIETNAM IN PARTICULAR SHOCKED AND ALARMED PYONGYANG, PRODUCING A NORTH KOREAN REVIEW OF THEIR RELATIONS WITH CHINA AND THE USSR.

3. (C) THE JAPANESE BELIEVE THAT THE NORTH KOREAN REVIEW HAS CONCLUDED THAT PYONGYANG SHOULD ATTEMPT NO REPEAT NO FURTHER DEEPENING OF RELATIONS WITH EITHER THE USSR OR CHINA. RELATIONS SHOULD NOT NECESSARILY BE DOWNGRADED, BUT INCREASED CLOSENESS (AND DEPENDENCY) SHOULD BE AVOIDED. JAPANESE BELIEVE THAT THIS DECISION HAS LEFT PYONGYANG WITH "TWO AVENUES TO EXPLORE": (A) NONALIGNED MOVEMENT (NAM), AND (B) REBUILDING OF TRADE WITH JAPAN AFTER FALLOUT OF PYONGYANG'S DEFAULTS. IN NAM, NORTH KOREA ABANDONED ITS FORMER RADICAL POSITION, ESPOUSING SUPPORT FOR THE "TRUE SPIRIT OF NAM" AND BACKING YUGOSLAVIA OVER CUBA AND VIETNAM.

4. (C) AS DEMONSTRATION OF NORTH KOREAN RESOLVE IN TRADE WITH JAPAN, MATANO CITED THE RECENT AGREEMENT BY THE "JAPAN-NORTH KOREA TRADE SETTLEMENT ASSOCIATION" ON RE-SCHEDULING OF NORTH KOREAN DEBT. IN ADDITION TO NORTH KOREAN AGREEMENT TO MAKE SPECIFIC SUBSTANTIAL INTEREST AND DEBT PAYMENTS OVER NEXT TEN YEARS, JAPANESE WERE STRUCK BY TWO POSSIBLE INDICATORS OF NORTH KOREAN INTENTION FINALLY CONFIDENTIAL

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TO RESOLVE THIS DEBT: (A) NORTH KOREANS HAVE AGREED TO HAVE PROCEEDS FROM THEIR EXPORTS TO JAPAN DEPOSITED IN A SINGLE JAPANESE BANK (PREVIOUS PRACTICE WAS TO TRANSFER SUCH FUNDS IMMEDIATELY FROM JAPAN IN A SCATTERED, UNTRACEABLE MANNER), AND (B) "PRO-NORTH KOREAN" FIRMS IN JAPAN HAVE BEEN WARNED BY CHOSEN SOREN THAT THEY "MAY BE ASKED TO CONTRIBUTE" TO NORTH KOREA'S REPAYMENT EFFORT. JAPANESE CLAIM THAT NORTH KOREANS HAVE ALREADY BEGUN SUBSTITUTING JAPANESE-PRODUCED ITEMS FOR THOSE TRADITIONALLY IMPORTED BY PYONGYANG FROM CHINA OR THE SOVIET UNION. JAPANESE BELIEVE THAT NORTH KOREA HOPES AND EXPECTS THAT JAPANESE CREDITORS WILL AGAIN ADVANCE CREDIT IF PYONGYANG MAKES THE FIRST SEVERAL PAYMENTS OF THE NEW REPAYMENT SCHEDULE ON TIME.

5. (C) JAPANESE CONCLUDE THAT, IF PYONGYANG CONTINUES TO SEEK ALTERNATIVES TO CLOSER RELATIONS WITH BEIJING AND MOSCOW, OPPORTUNITIES FOR "STRENGTHENING THE PEACE" MAY ARISE, ALTHOUGH TOKYO HAS NO DOUBT THAT NORTH KOREA WILL CONTINUE OVERALL TO ADHERE TO ITS LONG-TERM GOAL OF KOREAN REUNIFICATION UNDER PYONGYANG'S TERMS.

6. (C) TO OUR OBSERVATION THAT A KEY REASON THAT PYONG-

YANG'S EARLY-1970'S ATTEMPT TO MODERNIZE THROUGH IMPORTED
WESTERN TECHNOLOGY AND PROCESSES FAILED WAS THAT PYONGYANG

REFUSED TO ALLOW WESTERN TECHNOLOGICAL ADVISORS TO SUPERVISE
AND COUNSEL IN THE INSTALLATION OF THE TECHNOLOGY, MATANO
OBSERVED THAT PYONGYANG HAD APPARENTLY RECOGNIZED THAT

MISTAKE BY 1975 AND WAS TRYING TO CORRECT IT WHEN JAPANESE
FIRMS TIRED OF NORTH KOREA'S NON-REPAYMENT RECORD. THUS
JAPANESE FIRMS REFUSED PYONGYANG'S LATE REQUESTS FOR
ASSISTANCE ON EQUIPMENT AND PROCESSES PURCHASED. MATANO
STATED THAT IT IS STILL TOO EARLY TO KNOW WHETHER NORTH
KOREA WILL NOW ALLOW FOREIGN TECHNICIANS ENOUGH PENETRATION
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OF THEIR SOCIETY TO BE EFFECTIVE, BUT JAPANESE ARE NONE-
THELESS CONVINCED THAT PYONGYANG HAS NOT ADDRESSED THE
TOUGH QUESTION OF PRIORITIZING IDEOLOGY VERSUS MODERNIZA-
TION; THIS PROBLEM WOULD REQUIRE SOLUTION IF REAL PROGRESS
WERE TO BECOME POSSIBLE.

7. (C) COMMENT. MATANO IMPLIED BELIEF THAT NORTH KOREA
WANTS TO FOLLOW CHINESE WESTERN-ORIENTED ECONOMIC EXAMPLE
WHILE KEEPING ITS POLITICAL DISTANCE FROM CHINA. WE ARE
LESS SANGUINE ABOUT BOTH NORTH KOREA'S DEDICATION TO
MODERNIZATION AND ITS FIRM DECISION TO KEEP BEIJING AT A
DISTANCE, ALTHOUGH SOME RECENT CHINESE AND NORTH KOREAN
PUBLIC STATEMENTS (E.G. ON THE ANNIVERSARY OF THE DPRK
FOUNDING) SHOWED EVIDENT COOLNESS. VANCE

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